

2014 Annual Report

A Decade of Progress



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

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Abstract

In 2014, the Millennium Challenge Corporation marked 10 years of delivering U.S. development assistance to reduce poverty through economic growth in the best governed poor countries around the world. MCC's results, partnerships and contributions to the practice of sustainable development have made it an effective and emulated leader. This Annual Report explores how MCC's work in 2014 added to our decade of progress.

Message from U.S. Secretary of State John F. Kerry

Chair of MCC's Board of Directors



There is no more central challenge today than encouraging sustainable growth and shared prosperity, so people across the world, particularly young people, can build a better life, have confidence in their

societies and find meaningful alternatives to the dead-end life of disorder, extremism and chaos. Economic growth and good governance are inextricably linked: strong, secure and stable nations exist where prosperity is shared among a strong middle class, where human rights have a solid foundation and where people are free to express ideas openly. In these environments, entrepreneurship and innovation are capable of transforming societies for the long term.

American leadership and assistance can play a powerful, catalytic role by promoting transparent and accountable institutions, fostering entrepreneurship and innovation and building vital economic infrastructure. The Millennium Challenge Corporation plays a unique role through its partnerships with countries that are committed to identifying and addressing their barriers to economic growth and poverty reduction, leveraging MCC's evidence-based approach.

For more than a decade, MCC has delivered invaluable results in promoting good governance and creating jobs, in addition to improving health, sanitation and education standards, and building and leveraging the right conditions for greater private investment, social development and economic growth, turning the promise of prosperity into reality.

Message from Dana J. Hyde

MCC's Chief Executive Officer



This year marked the 10th anniversary of the Millennium Challenge Corporation. What began 10 years ago as a bold new model for development assistance has matured into a powerful tool for incentivizing

good governance and economic growth in partner nations around the globe. Today, MCC's unique approach to development helps countries build strong, stable economies that put people and communities on the path to greater opportunity.

In each MCC partner country I have visited, I have seen these elements at work: a deep commitment to genuine partnership in which governments and citizens shape programs addressing barriers to growth; bold policy and institutional reforms that advance good governance and foster accountability and transparency; and robust engagement with the private sector as an economic multiplier. As the progress captured in this report shows, MCC's partnerships aim to convert today's aid recipients into tomorrow's investment partners who will stand with the United States on a range of shared values.

With the ongoing support of the American people, the Obama administration, Congress, and all our stakeholders, MCC will continue to advance these interests and make a measurable and sustained difference in the lives of the world's poor.

A Complete Board of Directors

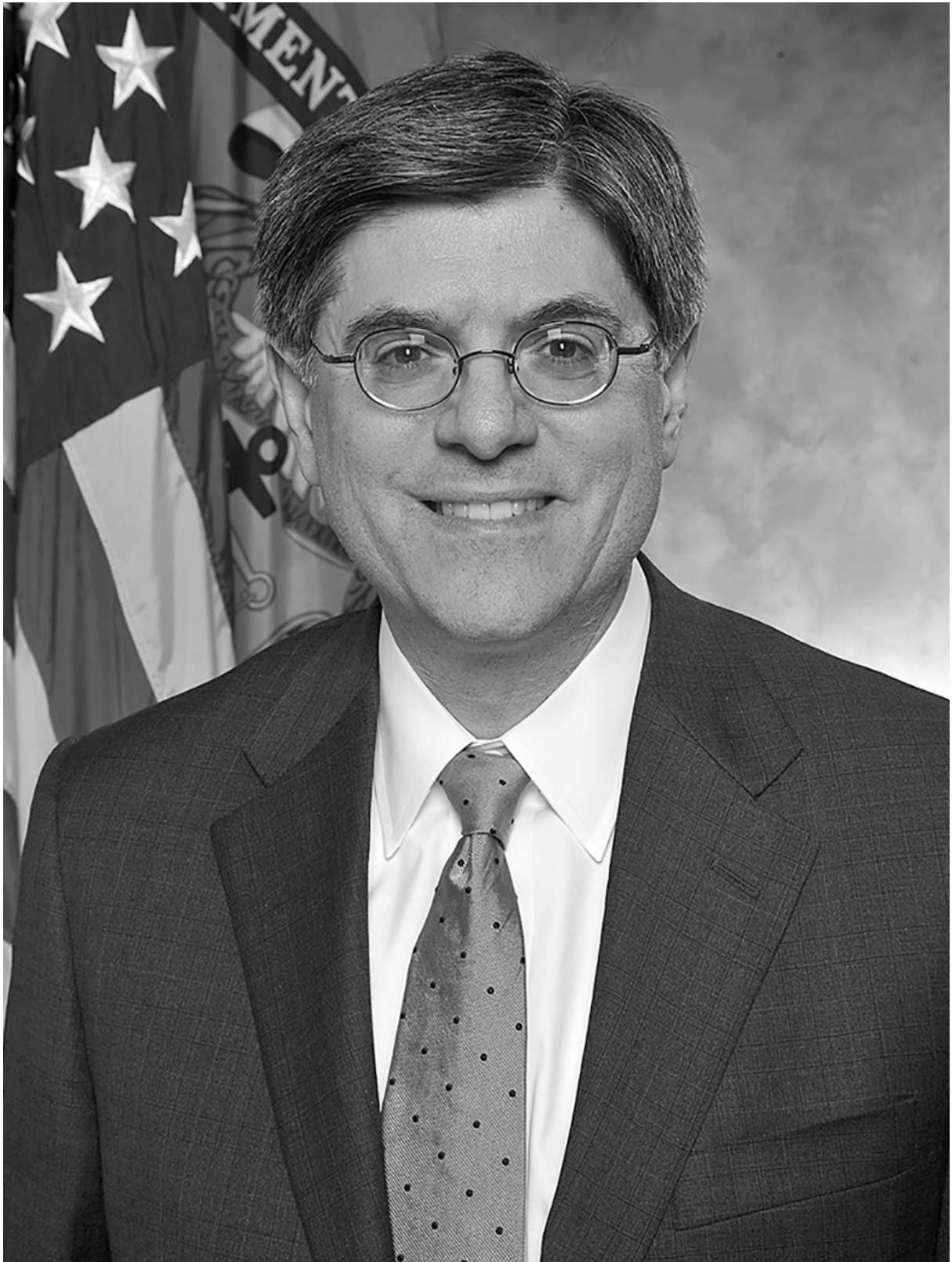
Government officials work alongside four individuals from the private sector, who are appointed to serve by the President with the advice and consent of the U.S. Senate. The private sector component is one of the most distinctive features of MCC's Board of Directors.

- 1.



John F. Kerry, Chair, Secretary of State

2.



Jacob J. Lew, Vice Chair, Secretary of the Treasury

3.



Michael Froman, U.S. Trade Representative

4.



Dr. Rajiv Shah, Administrator, U.S. Agency for International Development



5.

Dana J. Hyde, Chief Executive Officer, MCC

6.



Mark Green, President, International Republican Institute

7.



Lorne Craner, Co-Director, Transatlantic Renewal Initiative



8.

Susan M. McCue, President, Message Global

9.



Morton H. Halperin, Senior Advisor, Open Society Foundations and the Open Society Policy Center

* As of September 30, 2014

Making Progress

MCC Partner Countries in Compact Implementation

Nine countries continued implementing their MCC compacts during fiscal year 2014.

Senegal: The construction and rehabilitation of road and irrigation systems advanced on schedule. The Ngallenka irrigation project was completed in early 2014; 1,673 farmers were resettled before the growing season, supported with titles they received formalizing their land rights for the first time. The Ndioum Bridge, eagerly awaited since the 1960s, was also completed.

Moldova: The 57-mile road rehabilitation project finished on schedule. Design and construction began on the remaining eight of 10 irrigation systems. This uses a new modular approach that the government, other donors and businesses can easily replicate for future expansion or to cost-effectively build similar systems elsewhere in the country.

Philippines: Through compact investments, 1,519 community structures—or 60 percent of the goal—have been built in 115 municipalities. Because of the compact’s enhanced design standards and heightened attention to environmental impacts from extreme climatic events, these structures, including roads, schools, day-care centers, health stations, and water systems, suffered minimal damage from Typhoon Haiyan. Many served as places of refuge and relief operations during and after the storm.

Jordan: The expansion of the As-Samra wastewater treatment plant is nearly 80 percent complete, and construction of the wastewater network is nearly 50 percent complete. Because of cost savings, more than \$16 million was reallocated for the wastewater network project in Zarqa. These savings will be used to build a consolidated administrative and operations building for the Water Authority of Jordan and to construct another 40 miles of wastewater network pipes for the new neighborhood of Princess Haya, benefiting an additional 1,551 households.

Cabo Verde: The Infrastructure Grant Facility was launched to fund infrastructure improvements in the water and sanitation sector. It is also a vehicle for donor coordination on policy and institutional reforms. The Luxembourg Development Agency pledged \$1 million to strengthen the facility, and the World Bank committed \$235,500 to support the municipalities of Santo Antão and São Nicolau in adopting corporate practices to expand access to water and sanitation. Through one of the partnerships already created through the facility, The Coca-Cola Foundation is investing \$400,000 to improve household water and sanitation connections for vulnerable communities.

Indonesia: The Green Prosperity Project launched the Finance Facility in July 2014 to accept grant applications for projects in the cocoa sector. The Community-Based Health and Nutrition to Reduce Stunting Project started training parents and caregivers on adequate nourishment for infants and young children. Activities in villages also began to deepen understanding of the causes and remedies of stunting.

Malawi: Power sector reform and institutional strengthening efforts continued, with the goal of converting ESCOM, Malawi’s electricity utility, into a credit-worthy institution. Reforms include

eliminating debt and improving the utility's financial position, moving toward a cost-reflective electricity tariff to enable ESCOM and others to meet Malawi's growing energy supply needs, and supporting the Ministry of Energy with negotiations on power purchase agreements with potential independent power producers. Construction designs for infrastructure and related resettlement plans are materializing.

Zambia: Progress was made in forging public-private partnerships to improve access to clean water and sanitation services for Lusaka's poor. This included launching the Innovation Grant Program in February, 2014, with more than 25 private sector firms as well as civil society and nongovernmental organizations coming together to learn about competing for grants to supplement the compact's investments. The non-profit organization Water and Sanitation for the Urban Poor signed an agreement with MCA-Zambia and the Lusaka Water and Sewerage Company to provide technical services. And the Public-Private Infrastructure Advisory Facility continues to provide technical assistance to improve the Lusaka Water and Sewerage Company's commercial viability and strengthen the government's ability to attract investment in water supply and sanitation infrastructure.

Georgia: To improve the quality of education in science, technology, engineering, and math, the Georgian government signed a 20-year agreement with San Diego State University in July 2014 to provide bachelor's degrees in these disciplines in collaboration with Georgian universities. This partnership is the first of its kind for both San Diego State University and the Government of Georgia, made possible through MCC's compact investments to boost workforce productivity and employment.

MCC Partner Countries in Compact Implementation 1

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Senegal	\$540	\$216.5
Moldova	\$262	\$156
Philippines	\$433.9	\$185.3
Jordan	\$275.1	\$125.1
Cabo Verde	\$66.2	\$8.4
Indonesia	\$600	\$37.2
Malawi	\$350.7	\$15.3
Zambia	\$354.8	\$16.2
Georgia	\$140	\$4.8

MCC Partner Countries with Completed Compacts

Since our founding, MCC and our partner countries have completed 18 compacts totaling \$6.1 billion.

In fiscal year 2014, the compact term ended in both Burkina Faso and Namibia.

- Through integrated projects to improve agriculture, roads and land registration, **Burkina Faso's** compact put family farmers on the path from local growers to regional exporters. Our investment increased the volume of yields and encouraged producers to grow higher-value crops and breeds of livestock. Larger yields, better varieties and improved access to markets enabled beneficiary farmers to export tomatoes and onions grown in the Di perimeter to domestic and international markets, including Côte d'Ivoire, Ghana and Togo. Additionally, our investment helped to increase girls' primary school enrollment, attendance and completion rates. As a result, girls enrolled in BRIGHT schools, which are built in rural communities where girls historically have been least likely to attend school, scored nearly 3 percentage points above the average on standardized tests in the 10 BRIGHT provinces. In total, about 1.2 million Burkinabé are expected to benefit from the compact.
- **Namibia's** compact invested in tourism, agriculture and education and is expected to benefit more than 1 million Namibians. It promoted natural conservation and ecotourism—a key driver of economic growth—to create jobs, mobilize investment and fight poverty. This included improving the management and infrastructure of Etosha National Park and working with conservancy communities to more effectively manage their national resources, attract investment and achieve financial sustainability. As a result, annual revenue for conservancies is up 27 percent, and at least 43 additional North American tourism businesses are now offering tourism packages to Namibia. The compact also helped improve livelihoods in the country's impoverished northern communities by expanding opportunities for farming families. It strengthened the land tenure system, improved rangeland and livestock management practices and expanded animal health services and livestock marketing efficiencies, giving farmers the chance to export to foreign markets for the first time. The education sector also benefited from new school buildings, policy reforms, institutional strengthening, and technical assistance.

Even after compacts close, countries continue to use what they have learned through the MCC partnership.

- The local construction company in **Lesotho** that designed, constructed, expanded, and renovated 51 health centers and 14 out-patient departments had to follow certain employee safety standards required by the compact. These included addressing unsafe practices and conditions, using proper personal protective equipment and raising awareness of human trafficking and HIV/AIDS. At the project's conclusion, the construction company noted a significant decrease in work-related incidents and accidents. As a result, it decided to adopt MCC's standards for construction projects for all its other projects.
- **Morocco's** Ministry of Handicrafts partnered with artisan vocational training centers around the country to implement critical school governance reforms, including school-level strategic plans, results-based management tools and an expanded model for career guidance. These efforts, which build on literacy and vocational training initially funded through Morocco's MCC compact, increase critical support for Moroccan artisans who are often among the economy's poorest.

- **Mongolia's** compact played a major role in shifting the focus of technical vocational education and training from a top-down, state-driven approach to a more employer-driven, private sector-oriented approach. It facilitated the creation of public-private partnerships to provide vocational education, including supplying modern equipment for hands-on practical training in various trades. Since the compact's end, other donors, like the European Union and the Asian Development Bank, are continuing work in the sector.

MCC Partner Countries with Completed Compacts 2

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Madagascar	\$85.6	\$85.6
Honduras	\$204	\$204
Cabo Verde (first compact)	\$108.5	\$108.5
Georgia (first compact)	\$387.2	\$387.2
Vanuatu	\$65.4	\$65.4
Nicaragua	\$112.7	\$112.7
Armenia	\$176.6	\$176.6
Benin	\$301.8	\$301.8
Ghana (first compact)	\$536.3	\$536.3
El Salvador (first compact)	\$449.6	\$449.6

Partner Country	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Mali	\$435.6	\$435.6
Morocco	\$650.2	\$649.4
Lesotho	\$358	\$358
Mozambique	\$447.9	\$447.9
Tanzania	\$694.5	\$694.5
Mongolia	\$269	\$269
Burkina Faso (Compact completed during fiscal year 2014)	\$480.9	\$448
Namibia (Compact completed during fiscal year 2014)	\$304.5	\$278

MCC Partner Countries With Signed Compacts 3 that Have Not Yet Entered into Force

Partner Country (with compact amount in millions of dollars)	Obligations (in millions of dollars)	Expenditures (in millions of dollars)

Ghana (\$498.2)	\$28.9	\$0	
Signed August 5, 2014			
This compact aims to transform Ghana's power sector. It takes a sys tem-wide approach to providing access to safe, reliable energy and to reforming the laws and regulation s needed for a self- sustaining power sector capable of meeting the needs of household s and businesses and of catalyzing private			

Partner Country (with compact amount in millions of dollars)	Obligati ons (in millions of dollars)	Expendit ures (in millions of dollars)
sector investmen t.		
El Salvador (\$277.0) Signed September 30, 2014 This compact seeks to improve El Salvador's competitiv eness and productivi ty in inter national markets. First, it is designed to enhance the country's investmen t climate by streaml ining regulation s and impl ementing a new publ	\$10	\$0

Partner Country (with compact amount in millions of dollars)	Obligati ons (in millions of dollars)	Expendit ures (in millions of dollars)
ic-private partnershi p law. Second, it will improve courses and teacher training to equip the country's workforce with the skills needed by companies . Third, it will invest in heavily used sections of roads along the coastal highway and at the border crossing with Honduras to reduce t ransportat ion and logistics		

Partner Country (with compact amount in millions of dollars)	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
costs.		

Compacts in Development

MCC is working with seven countries, all in Africa, on developing potential compacts:

- **Lesotho** was selected during fiscal year 2014 as eligible to develop a potential subsequent compact. The analysis is underway to determine the binding constraints to growth.
- In both **Liberia** and **Tanzania**, power and road infrastructure emerged as primary constraints to growth. These partners are developing energy sector concepts for future compacts within the framework of Power Africa.
- In **Morocco**, compact concepts are being developed to address constraints to growth through improvements in three areas: the link between education and private sector-demand for skilled workers, judicial performance and land governance.
- MCC's potential compact with **Niger** addresses such constraints to growth as access to water for agriculture and livestock, institutional and regulatory barriers to trade and government regulation of business.
- The development of compacts with **Benin** and **Sierra Leone** continues on a limited basis. Identified constraints to growth in Benin include agribusiness-related infrastructure and policy reform. In Sierra Leone, they center on power, water and sanitation.

Sector Results at a Glance: By the Numbers and by Key Policy Reforms

Numbers are cumulative over the past decade as of September 2014, with the exception of latest available totals from Burkina Faso, which are from June 2014, that fed into these cumulative numbers.

Infrastructure

1,519 miles of roads completed, with an additional 927 miles under construction

MCC works with partner countries not only to build roads but also to maintain them well into the future.

Through its compact, Burkina Faso created the Incentive Matching Fund for Periodic Maintenance, an innovative partnership requiring the government to match investments for maintenance works. This resulted in the maintenance of 186.4 miles of roads during this fiscal year.

Water and Sanitation

680,459 people can now access clean water from 1,181 new or rehabilitated water sources

MCC works with partner countries to push reforms that expand access to clean water and sanitation. Because of reforms at the Lusaka Water and Sewerage Company to meet compact goals, the Zambian government paid more than \$15 million in arrears to the utility and also installed more than 200 pre-paid water meters at government agencies. The private sector is now doing the same. This helps Zambians monitor usage of and conserve water, while also improving the utility's ability to collect payments. The Zambia National Water Supply and Sanitation Council recognized the Lusaka Water and Sewerage Company as the most-improved commercial utility in 2014.

Power

2,720 miles of electricity lines completed



Ghana Finance and Economic Planning Minister Seth Terkper and MCC CEO Dana J. Hyde shake hands after signing the \$498.2 million Ghana Power Compact on August 5, 2014. Behind them are Ghana President John Dramani Mahma, left, and U.S. Secretary of State John Kerry.

MCC works with partner countries to implement the necessary reforms to improve their power sectors and put them on a path to profitability and sustainability. During the first year of implementing its compact, Malawi made significant progress in designing and executing targeted technical assistance programs. These programs build the capacity of sector institutions to improve financial and operational performance. Ghana, too, demonstrated a strong commitment to transforming its power sector by adopting a series of institutional reforms prior to signing its compact. This involved agreeing to recommendations for helping the utility companies improve their management and credit-worthiness, developing a plan for paying off the debt owed by the Ghanaian government to the distribution utility companies, adjusting electricity tariffs to make them more cost-reflective, and taking necessary steps to ensure a reliable gas supply for power generation plants.

Agriculture and Irrigation

271,650 farmers trained

296,682 acres under improved irrigation

\$87.8 million in agricultural and rural loans

MCC works with partner countries on policies and procedures to better manage water resources used for agricultural production. Without appropriate water resource management, crops are subject to both floods and droughts, resulting in drastic price fluctuations. Through its compact, Burkina Faso established two basin-wide water management plans that help balance local and regional water needs and ensure their integration into the overall national water resource management strategy.

Land

304,662 households now have legal protections for their land

MCC partners with countries to implement complex policy reforms in the land sector, often providing people with rights to their land for the first time and opening up possibilities for private sector investment. Through its compact, Cabo Verde is improving the investment climate by assessing the legal, institutional and procedural environment in the land sector, developing and implementing a new land information management system and clarifying parcel rights and boundaries while strengthening the protection of land rights on targeted islands with high-investment potential. Cabo Verde adopted over 20 different policy reforms and six laws and decrees this fiscal year.

Education

745 schools built or rehabilitated

228,693 students participating in classes or training to learn new skills

MCC works with partner countries to implement reforms that ensure technical and vocational education and training systems are financially sustainable and responsive to the local labor market. In fiscal year 2014, MCC and the Government of Namibia, for example, launched a new National Training Fund, which

allows potential employers to fund programs based on the skills needed. MCC also works with partner countries to improve the physical learning environment for students. In Namibia, school conditions were identified as a reason why students repeated grades and performed poorly. In addition to rehabilitating 48 schools, Namibia's compact improved the school maintenance policy, specifically outlining local and national responsibilities for maintaining school infrastructure and equipment.

Impact across all these sectors stems from MCC's country-driven, results-focused approach. Knowing how to apply our experience, expertise and flexibility to evolving challenges and to achieving economic growth reflects MCC's unique approach to development. This means incorporating:

- **Gender equality:** MCC recognizes that advancing gender equality is a critical element of sustained economic growth. The addition of a gender in the economy indicator on MCC's country policy scorecard shows the premium we place on empowering women as agents of economic change. Social and gender assessments conducted early in the compact development process inform program selection and design in ways that address issues of gender inequality. Within our monitoring and evaluation plans, MCC is proud of our efforts to collect gender-disaggregated data.
- **Responsible resettlement:** Understanding that involuntary resettlement—unless properly managed—can result in long-term hardship for those affected, MCC follows internationally recognized best practices when dealing with resettlement. This ensures the affected people are consulted and have opportunities to participate in resettlement planning and implementation, which ultimately helps them improve their livelihoods and living standards.
- **Climate change considerations:** MCC recognizes that investing in sustainable economic development and addressing the effects of climate change are mutually reinforcing. We build roads that can withstand more frequent and extreme storm events. We help farmers adapt to changing rainfall patterns. And we help governments better manage water supplies.

Before the Compact: Results through Reforms

MCC uses objective, third-party policy performance data summarized on individual country scorecards to select partners. This process inspires countries to pursue ongoing reforms to improve their economic and social policies even before MCC invests a single dollar. Many call this phenomenon the "MCC effect."

- In an attempt to qualify for MCC assistance, Côte d'Ivoire undertook reforms that helped it to pass nine of MCC's 20 indicators in fiscal year 2014, including control of corruption, up from only five indicators in fiscal years 2012 and 2013. The National Committee for MCC Eligibility is spearheading specific reforms to reduce corruption and improve democratic rights, the ease of doing business and gender equality. These efforts include passage of a new family code giving women the same rights as men to choose where they live, apply for a passport, pursue a job or profession, and become head of household. Reforms were tied to suggestions from MCC and the International Finance Corporation, resulting in Côte d'Ivoire now passing MCC's gender in the economy indicator.
- The Government of Togo formed a Committee for MCC Eligibility that has updated data and created an action plan for policy reform. This includes modernizing the family code to ensure equal rights for women and changing the penal code to fight corruption. The World Bank recognized Togo's efforts to increase transparency in budgeting through the Open Budget Portal, another step the government is taking to control corruption.

Results through MCC's Threshold Program

MCC's Threshold Program focuses on policy and institutional reform to give candidate countries the opportunity to demonstrate that they would be good compact partners. These programs are developed through a structured diagnostic and design process, beginning with a rigorous analysis of the constraints to economic growth and the policy and institutional underpinnings of those constraints. As our partners implement their threshold programs, they give us critical information about their commitment and capacity to undertake the types of reforms and investments that would have the greatest impact on growth. The Threshold Program portfolio currently includes **Honduras, Guatemala and Nepal**.

While Guatemala and Nepal are designing their respective threshold programs, Honduras is implementing a \$15.65 million program that supports reforms to improve government effectiveness in two areas identified as critical barriers to faster economic growth and poverty reduction: public financial management and the transparency and efficiency of public-private partnerships. Honduras' program will provide support for implementing road concessions, technical advice on how to structure electricity concessions and assistance to the Supreme Audit Institution on conducting performance audits.

Unleashing the Power of Partnerships

MCC pursued cost-effective and efficient opportunities to leverage our own comparative advantages and those of others throughout the donor community. This included coordinating our assistance with the efforts of other U.S. Government agencies to maximize impact, including greater trade competitiveness.

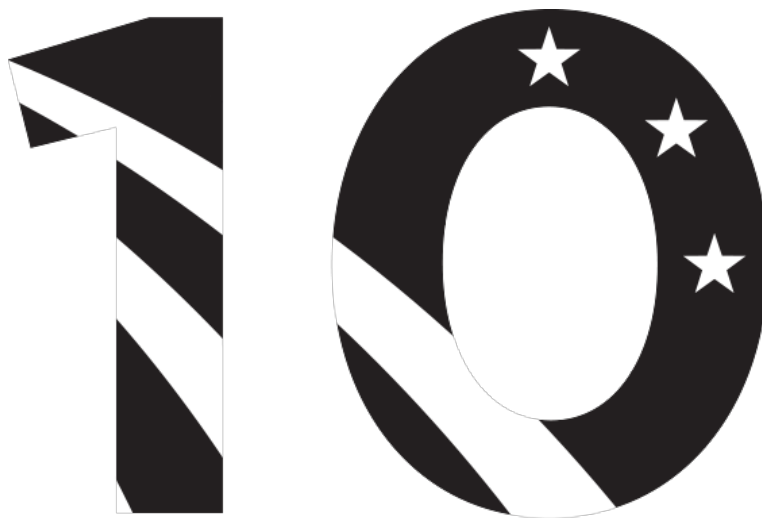
- *AGOA (African Growth and Opportunity Act)*: MCC has provided over \$3 billion to support trade, principally by investing in roads, ports and airports and by improving the productivity of export-oriented industries, like agriculture, that benefit small and medium enterprises. During fiscal year 2014, we committed to intensifying our analysis of the trade competitiveness of MCC partner countries that benefit from AGOA, including the competitiveness of AGOA product lines. We are also exploring opportunities for regional integration to facilitate trade and address trade barriers through policy and institutional reform.
- *PEPFAR (U.S. President's Emergency Plan for AIDS Relief)*: In fiscal year 2014, MCC signed a memorandum of agreement with the State Department's Office of the U.S. Global AIDS Coordinator, which administers PEPFAR. In this three-year partnership, MCC will share our experiences in managing country-owned programs with rigorous monitoring and evaluation focused on improving the effectiveness and sustainability of PEPFAR projects.
- *Power Africa*: To support Power Africa—President Obama's initiative to increase access to power in sub-Saharan Africa through the combined efforts and expertise of 12 federal agencies—MCC is working with Ghana, Liberia and Tanzania, three of the initiative's six focus countries. Our efforts aim to increase access to electricity, strengthen the reliability of power systems and improve the sustainability of the energy sector by fostering a policy environment conducive for private investment. We have already invested nearly \$1 billion in Africa's power sector, including through the Ghana Power Compact. We are working with Liberia and Tanzania to develop energy projects, and will continue to increase the availability, affordability and reliability of electricity for our African partner countries to overcome constraints to economic growth and private investment.
- *Peace Corps*: During fiscal year 2014, MCC and Peace Corps made progress toward finalizing a memorandum of agreement to renew and amplify their existing partnership. Through this latest agreement, Peace Corps volunteers can be assigned to work on MCC activities and programs in countries of mutual interest, and Peace Corps' engagement throughout the MCC compact process will also increase. Since 2010, over 30 Peace Corps volunteers have been posted to MCC-funded projects in 14 countries, working in agriculture, education, environment, health, public outreach, and community economic development.
- *Typhoon relief in the Philippines*: With over half of compact funding dedicated to areas affected by Typhoon Haiyan, particularly on the islands of Leyte and Samar, MCC and MCA-Philippines, together with implementing entities and related contractors, collaborated with the U.S. Embassy, the U.S. Agency for International Development and the broader donor community to assist with relief operations after the November 2013 storm. Together, we cleared roads and debris to transport relief materials. We assessed the storm's impact on MCC-funded projects and worked effectively to minimize negative consequences to the compact's timeline and outcomes. We coordinated compact activities as part of overall relief and reconstruction efforts, furthering ties between the United States and the Philippines.

In partner countries, strong donor coordination that maximizes shared experiences and expertise, including with the private sector, allowed MCC to deliver growth opportunities for the poor.

- In Moldova, MCC and the U.S. Agency for International Development partnered through the compact-funded Growing High-Value Agriculture Sales Project to provide farmers with market development support, technical assistance and training to increase their incomes. During fiscal year 2014, this coordination trained 4,244 farmers and facilitated \$13.88 million in increased sales of high-value fruits and vegetables.
- MCA-Namibia furthered its work with My Digital Bridge Foundation, a Microsoft partner, to use unused TV band spectrum, known as “TV white spaces,” to deliver fast, reliable and affordable broadband access to 23 rural schools and 10 local administrative offices. This broadband access allows rural schools to link up to the country’s Education Management Information System, extending possibilities for e-learning, distance teaching, research peering, and electronic collaboration among connected facilities. Though the compact closed, Namibia’s Ministry of Education has budgeted connecting up to 200 additional schools in fiscal year 2015.
- In coordination with MCC and MCA-Senegal, the U.S. Department of Agriculture engaged Shelter for Life, a nongovernmental organization, for an \$8 million, three-year monetization project in which U.S.-grown commodities are sold to finance the rehabilitation of the rural road network. The project will connect approximately 80 miles of feeder roads along the transport corridor in Casamance, where MCC is rehabilitating 156 miles of primary road. The rehabilitation of the first seven-mile segment of the rural road network was inaugurated in August 2014.

Contributing to Global Development

MCC's contributions in key areas during fiscal year 2014 advanced effective development practices and partnerships.



MILLENNIUM CHALLENGE CORPORATION

TEN YEARS OF REDUCING POVERTY

Sharing 10 years of lessons. The principles upon which MCC was founded in 2004—selectivity based on sound political, economic and social governance, focus on economic growth, country-led development, results, monitoring and evaluation, technical rigor, evidence-based decision making, and transparency—now largely define U.S. global development policy. The Obama administration as well as bilateral and multilateral donors have adopted the core fundamentals of MCC's approach over the last 10 years. It is not only our model that is changing development practices, but also our decade of extensive operational experience on the ground. For example, MCC partners with countries to build local capacity and execute complex infrastructure projects within short timeframes, motivating policy reforms to support capital investments and integrating private sector, gender and environmental elements to ensure sustainability. With our outsized influence and impact, MCC is continuously learning and improving. Leveraging what we have learned as we mark our 10th anniversary, MCC is embracing the next decade as a time to further test the best ideas and practices in development and share those lessons broadly.

Leading through Evidence: During fiscal year 2014, MCC deepened our use of evidence in our decision making from selection to evaluation. Together with Global Integrity, the Omidyar Network and the William and Flora Hewlett Foundation, we helped launch the Governance Data Alliance of data users, producers and funders inside and outside the U.S. Government to identify ways to improve the access to and use of current governance data and potentially spur the creation of new data. We created and used two new tools—an initial social and gender assessment and an improved beneficiary analysis—to inform our investment decisions. Adding to the body of evidence about development, we posted 55 independent evaluations on MCC’s Evaluation Catalog, including evaluation design reports, questionnaires and other documentation. In fiscal year 2014 alone, we released 17 interim or final results reports for both performance and impact evaluations. Building on our commitment to transparency—and a first-place ranking worldwide among 67 donors in the October 2013 Publish What You Fund Aid Transparency Index—MCC became the first U.S. Government agency to submit a single data file that meets all foreign assistance reporting requirements for the Development Assistance Committee at the Organization for Economic Co-operation and Development, ForeignAssistance.gov, Greenbook, and the International Aid Transparency Initiative. The XML-formatted file is compliant with all Office of Management and Budget requirements and strengthens the quality of MCC’s programmatic data so that users will know more about the progress of our projects.

Engaging Private Enterprise: During fiscal year 2014, we increased our focus on using MCC compacts as a platform to leverage private sector trade, investment and expertise to identify opportunities for economic growth and to address key constraints to such growth in partner countries. By working with the private sector throughout a compact—from development to closure—we capitalize on our mutual investments and ensure increased sustainability and impact. For example, the Ghana Power Compact we signed this year is expected to catalyze at least \$4 billion in additional private investment and activity in the energy sector over coming years. MCC will continue to strengthen our relationship with the private sector so together we can deliver increased economic benefits to partner countries.

U.S. ★ AFRICA



LEADERS SUMMIT

2 0 1 4 • W A S H I N G T O N , D C

Renewing our commitment to Africa: With over 60 percent of our portfolio invested in Africa’s economic growth, MCC welcomed the Obama administration’s inaugural U.S.-Africa Leaders Summit in August 2014. With 45 African heads of state in attendance, the unprecedented summit created a prime occasion

for MCC to engage further with key leaders around good governance and transparency, trade and investment and inclusive growth and development. To start the summit week, MCC cohosted a conversation and reception with the Overseas Private Investment Corporation that brought together African finance and trade ministers and key U.S. business executives to discuss investment opportunities. MCC CEO Dana J. Hyde attended the U.S.-Africa Business Forum, one of the summit's capstone events, and held bilateral meetings with leaders from some of MCC's African partner countries. She also participated in a discussion alongside Deputy Secretary of State Heather Higginbottom, U.S. Agency for International Development Administrator Rajiv Shah and African Development Bank President Donald Kaberuka on strengthening trade coordination through the *African Growth and Opportunity Act*, highlighting MCC's concrete contributions to the infrastructure and policies necessary for trade within and with Africa. During the summit, Ghanaian President John Dramani Mahama and U.S. Secretary of State John Kerry participated in the signing of Ghana's five-year, \$498.2 million MCC Power Compact, the largest U.S. Government transaction to date under Power Africa.

Endnotes

1. As of September 30, 2014. Note: For MCC's financial reporting, disbursements are expenditures. Obligations reflect total amounts conditionally available after a compact's entry into force. Countries are listed in the order of when their compacts entered into force.
2. As of September 30, 2014 Note: For MCC's financial reporting, disbursements are expenditures. Obligations reflect total amounts conditionally available after a compact's entry into force, net of any de-obligations as applicable. Countries are listed in the order of when their compacts entered into force.
3. As Of September 30, 2014. Note: For MCC's financial reporting, disbursements are expenditures. Obligations reflect amounts available upon compact signing. Countries are listed in the order of their compact signings.

Reducing Poverty Through Growth

